

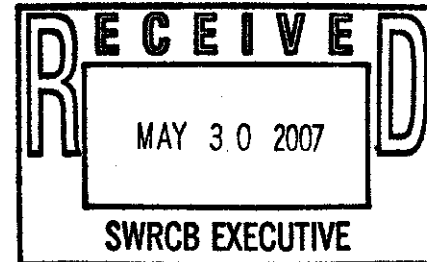


7/17/07 BdMtg  
SRF Policy  
Deadline: 5/30/07 Noon

May 30, 2007

Song Her, Clerk to the Board  
State Water Resources Control Board  
1001 "I" Street, 24<sup>th</sup> Floor  
Sacramento, CA 95814

Subject: Comment Letter – SRF Policy



Dear Ms. Song Her:

Thank you for the opportunity to participate in the upcoming policy discussion regarding the possible amendment to the State Revolving Fund's ("SRF") loan administration policy.

We would like to take this opportunity to express our appreciation and gratitude to the many members of the SRF staff who have assisted us through the SRF loan process. These loans have resulted in wastewater treatment infrastructure that has served us well. Unfortunately we were one of several agencies that failed to produce some of the reports at the proper time. We apologize for any inconvenience that we may have caused the SRF staff in this matter.

We concur with the SRF staff recommendation, and consider that a combination of Options 1, 2 and 3 are the best policy for any future loans.

The City of Escondido hopes that the Board will re-consider the penalties that have been assessed against our city. Our budget has no reserves for such a financial impact, and a significant penalty would jeopardize our essential future wastewater capital improvements.

Sincerely,

Mary Ann Mann  
Utilities Manager, City of Escondido